



REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965 AS AMENDED

A Report to California's
Congressional Delegation



CALIFORNIA
POSTSECONDARY
EDUCATION
COMMISSION

Summary

This report to California's Congressional Delegation stemmed from a series of meetings for representatives of California's colleges and universities as well as the California Student Aid Commission that the California Postsecondary Education Commission called in order to discuss proposals for reauthorization of the federal Higher Education Act of 1965, as amended

Through these meetings, the representatives reached consensus on proposals regarding nine major areas of the Act. This report identifies each of those areas in turn and summarizes the consensus regarding them, beginning with seven issues related to Title IV -- Pell Grants, need analysis, program integrity, State Student Incentive Grants, Trio programs, ability to benefit, and financial aid transcripts -- and ending with library programs under Title II and graduate programs under Title IX. The appendix on page 9 lists the representatives of California's institutions and agencies of higher education who were involved in the preparation of the report.

Additional copies of this document may be obtained from the Publications Office of the Commission at (916) 324-4992. Questions about the substance of the document may be directed to Bruce D. Hamlett, the Commission's Acting Deputy Director at (916) 322-8010.

REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965 AS AMENDED

*A Report to California's Congressional Delegation
Summarizing Consensus in California's
Higher Education Community
Regarding Proposed Revisions of the Act*

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION
Third Floor • 1020 Twelfth Street • Sacramento, California 95814-3985





COMMISSION REPORT 91-19
PUBLISHED DECEMBER 1991
REVISED JANUARY 1992

This report, like other publications of the California Postsecondary Education Commission, is not copyrighted. It may be reproduced in the public interest, but proper attribution to Report 91-19 of the California Postsecondary Education Commission is requested.

Contents

| | |
|--|----------|
| Background | 1 |
| 1. Pell Grants (Title IV) | 1 |
| 2. Need Analysis (Title IV) | 2 |
| 3. Program Integrity (Title IV) | 2 |
| 4. State Student Incentive Grants (Title IV) | 3 |
| 5. Trio Programs (Title IV) | 4 |
| 6. Ability to Benefit (Title IV) | 4 |
| 7. Financial Aid Transcript (Title IV) | 5 |
| 8. Library Programs (Title II) | 5 |
| 9. Graduate Programs (Title IX) | 6 |
| References | 6 |
| Appendix | 9 |



Reauthorization of the Higher Education Act of 1965 as Amended

Background

The California Postsecondary Education Commission (CPEC) is a citizen board established by California's Legislature and Governor to coordinate the activities of California's colleges and universities and to provide independent, nonpartisan policy analysis and recommendations to the Governor and the Legislature. During the past four months, Commission staff has convened a series of meetings of representatives of California's colleges and universities, as well as the California Student Aid Commission, to review issues surrounding the reauthorization of the Higher Education Act and to identify and negotiate areas of agreement within the California education community regarding reauthorization.

The Higher Education Act, established in 1965, provides over \$1 billion annually in grants and loans to California's students and institutions of higher education. As the costs of attending college continue to rise, the programs supported under the Higher Education Act become more crucial to ensuring access for an increasingly diverse and growing student population.

This paper represents a consensus within California's higher education community on nine key provisions of the proposed legislation and represents California's continuing commitment to ensuring both access to and quality in higher education. The omission of reference to any particular provision of either the Senate or the House bills to reauthorize the Higher Education Act should not be interpreted as either support for, or opposition to, that provision. During the coming months, the Commission may convene further follow-up meetings of the higher education community within the State to review the Senate and House bills and then to revise this statement where necessary.

1. Pell Grants (Title IV)

Pell grants currently provide approximately \$410 million in aid annually to college students in California. Since 1980, public university fees have risen more than 200 percent at the University of California and by more than 370 percent at the State University, while family income has risen roughly 67 percent. During the same period, the maximum Pell Grant award fell from covering approximately 41 percent of the average cost of attending college to approximately 26 percent. While the current Higher Education Act authorizes a maximum grant award of \$3,100 per year, Congress has never appropriated sufficient funding to support that level of award.

The maximum award based on appropriated funds is currently \$2,400, or 60 percent of a student's educational costs, whichever is less. In addition, because the cost of living in California is higher than in many other states, many families whose incomes make them ineligible for aid often require financial aid in order to support their children through college.

California higher education therefore recommends that Congress (1) increase the Pell Grant maximum to \$4,500 and allow the entire amount to be used to fund students' educational expenses; and (2) assure that every student will receive the maximum award for which he or she is eligible.

2. Need Analysis (Title IV)

The current systems for determining a family's need for Title IV student assistance are many and complex and do not take into account differences in the cost of living in different regions of the country. Various factors affect the ability of families to pay for college. For example, while financial need analyses include the value of home and farm property, many families cannot easily tap into their home, farm and small business equity to pay for the college expenses of their children. Analyses by the Postsecondary Education Commission indicate that students from middle-income families have been particularly hard hit by fee increases and limited financial aid. Between 1982 and 1988, the enrollment of students from families in the \$30,000 - \$45,000 income group declined in the University of California and the California State University by 20 and 17 percent, respectively.

California higher education therefore recommends that Congress develop a single need analysis methodology, based upon modifications in the current congressional methodology, for all Title IV students and programs. The need calculations should be sensitive to (1) the inclusion of primary home, farm, and small business equity in calculations of need for Federal student assistance and (2) regional differences in the cost of living.

3. Program Integrity (Title IV)

Among the major issues in the reauthorization debate are the growing use of the federal student grant and loan programs by private for-profit career schools, the significant growth in total dollars being defaulted by student borrowers through the federal guaranteed loan programs, and the apparent abuses of these federal aid programs by some of the private proprietary institutions.

In response to these problems, California enacted major reform legislation in 1989 to strengthen its oversight of private colleges and universities and proprietary voca-

tional schools (SB 190). A new state agency was established -- the Council for Private Postsecondary and Vocational Education -- to monitor and approve the private institutions, and new standards for program quality and consumer protection were enacted. Regionally accredited colleges and universities are exempt from oversight and approval by the Council, and the public colleges and universities have their own governing boards as established in statute for their oversight. As a result of this legislation, California now has one of the most rigorous state statutes governing private postsecondary and vocational institutions. Revisions in the federal Higher Education Act should build upon the California model, which recognizes the inherent authority of the State's public governing boards, acknowledges the effectiveness of nongovernmental regional accreditation, and establishes an approval authority for proprietary institutions.

California higher education therefore recommends that Congress (1) require each state to implement a monitoring/oversight process for its postsecondary institutions through a combination of regional accreditation, public governing boards, and, as is true in the California model, a rigorous State licensing and oversight process for private proprietary vocational schools; and (2) achieve program integrity by strengthening each leg of the historic "triad" through a combination of improved state oversight of private for-profit vocational institutions, improved federal monitoring of nongovernmental accrediting associations, and federal consumer protection standards for proprietary institutions participating in federally funded student assistance programs. California higher education also recommends that no additional State oversight be mandated for public colleges and universities, beyond what is required in current law.

4. State Student Incentive Grants (Title IV)

California receives more than \$11 million annually in Federal funds for the State Student Incentive Grants (SSIG). These funds are used to supplement state funds in support of the Cal Grant program, enabling many students to attend college who might not otherwise have the opportunity. The reduction or elimination of these funds would reduce the number of Cal-Grant recipients during a period where the State has had to reduce the number of awards due to budget cuts.

California higher education therefore recommends that Congress continue and expand, to the extent possible, the funding level for the State Student Incentive Grants.

5. Trio Programs (Title IV)

The Higher Education Act currently supports early outreach efforts through its Trio programs, which include Educational Opportunity Centers, Student Support Services, Talent Search, and Upward Bound. California receives approximately \$16.5 million in federal funds to operate 75 programs which serve approximately 25,000 economically disadvantaged students annually. Despite these efforts, college-going rates continue to be low for low-income students, especially those from historically underrepresented groups. Consensus is growing that early outreach programs working with low-income students and their parents can successfully use the future availability of financial assistance as a means of motivating students to stay in school and complete college preparatory courses.

California higher education therefore recommends that Congress (1) support and expand existing Trio programs and (2) establish a state matching-grant program aimed at creating financial assistance and mentoring programs for low-income and historically underrepresented ethnic students as young as the fifth and sixth grades. The program should allow states the flexibility to expand existing programs or establish new programs in response to this matching-grant program, and it should include a comprehensive evaluation component.

California higher education also recommends that Congress support creation of a program of awards for scholastic achievement for Pell recipients who participate in State or federally funded early intervention programs and achieve college readiness and a 2.5 grade-point average (GPA).

6. Ability to Benefit (Title IV)

Current Federal law requires that all postsecondary institutions participating in federally funded programs under the Higher Education Act must require individuals who do not have a high school diploma or the equivalent to pass an independently administered examination approved by the U.S. Secretary of Education in order to be eligible for Title IV aid. Proposed amendments to the Higher Education Act would allow states or state agencies to substitute an approved process for determining a student's ability to benefit from the education or training offered at a particular institution of higher education. California Community Colleges are supportive of amendments which comply with the provisions of Chapter 1467, California Statutes of 1986 -- the Seymour-Campbell Matriculation Act of 1986 -- which admits students who do not possess a high school diploma or its equivalent through a process which assesses their "ability-to-benefit" and provides appropriate counseling and other services.

California higher education therefore recommends that Congress support additional flexibility for states in determining appropriate procedures for assessing the ability of students to benefit.

7. Financial Aid Transcript (Title IV)

All participating institutions of higher education must use a financial aid transcript to keep track of the amount and types of financial assistance each student receives. The system often does not work well; when a student transfers, a student's financial aid transcript can be delayed or misdirected in administrative processing. Adequate funding for the National Student Data Base, which is currently authorized in the Higher Education Act, would constitute a major step toward eliminating the need for financial aid transcripts and provide much more useful, streamlined data to institutions as well as the Secretary of Education.

California higher education therefore recommends that Congress provide sufficient funding for the full operation of the National Student Data Base and direct the Department of Education to develop and implement it immediately.

8. Library Programs (Title II)

Title II of the Higher Education Act has assisted California colleges and universities in supporting their library programs and purchasing equipment designed to expand access and improve utilization of their library resources. During the past 10 years, the University of California libraries have received approximately \$10 million in grants. In addition, Title II funds are the only significant government source of funding for graduate fellowships and financial assistance for students enrolled in library training programs. These funds have been used to assist the University in recruiting historically underrepresented students to library education programs. California's budget crisis has reduced State appropriations available to support adequate library acquisitions and development of library programs.

California higher education therefore recommends that Congress continue the current provisions of Title II and provide expanded funding.

9. Graduate Programs (Title IX)

As the California Postsecondary Education Commission has extensively documented, California's colleges and universities face enormous challenges in the coming years:

- Enrollment projections point toward a need to accommodate as many as 700,000 additional students within the next ten years (CPEC, 1990a);
- These enrollment projections, especially when coupled with the impending retirement of a large portion of California's faculty, imply a need for dramatically increasing the pool of persons available for faculty appointments (CPEC, 1990b);
- The changing ethnic composition of California's population requires that institutions accelerate their efforts to facilitate the admission and academic achievement of historically underrepresented students (CPEC, 1988); and finally,
- Chronic budgetary constraints are forcing institutions to pursue these varied goals in an environment of declining resources (CPEC, 1991).

Graduate programs in public and independent universities will be the primary source of new faculty members during the next decade, and federal funding through Title IX will continue to be a valuable source of grant assistance for graduate students. California students receive approximately \$7 million each year through this program.

California higher education therefore recommends that Congress expand funding for Title IX fellowships and grants, with an emphasis on opportunities for women and groups historically underrepresented in graduate programs and disciplines.

References

California Postsecondary Education Commission. *The Role of the Commission in Achieving Educational Equity: A Declaration of Policy* Commission Report 88-42. Sacramento: The Commission, December 1988.

--. *Higher Education at the Crossroads. Planning for the Twenty-First Century.* Commission Report 90-1. Sacramento: The Commission, January 1990a.

--. *Planning for a New Faculty: Issues for the Twenty-First Century* California's Projected Supply of New Graduate Students in Light of Its Need for New Faculty

Members. Commission Report 90-20. Sacramento: The Commission, September 1990b.

--. *Update on Long-Range Planning Activities: Report of the Executive Director, September 16, 1991* Commission Report 91-16. Sacramento: The Commission, September 1991.

California Student Aid Commission. *Student Borrowing in California: A Report on Student Participation in California's Educational Loan Programs* Sacramento: The Commission, March 1988.

Appendix

The following institutions and agencies participated in the consultation process that led to this statement:

Institution or Agency

Representatives

University of California

Nancy Coolidge, Student Financial Services
Judith Ellis, Intersegmental Policies and Projects

The California State University
California Community Colleges

Allison Jones, Associate Dean, Financial Aid
Carole Richard, Governmental Relations
Linda Michalowski, Student Services
Lee Myers, Director of Federal Relations

Association of Independent California
Colleges and Universities
California Student Aid Commission

Jonathan Brown, President
Samuel M. Kipp, III, Executive Director
Greg Gollihur, Deputy Director
Daniel Rennie, Governmental Relations

California Association of Student
Financial Aid Administrators

Mytha Pasqual, Chair, Federal Issues Committee
Kathy Bristow, Member, Federal Issues Committee

University of California Student
Association

Andy Shaw, Legislative Relations

Council for Private Postsecondary
and Vocational Education

Ken Miller, Executive Director

California Postsecondary Education
Commission

Jane V. Wellman, former Deputy Director
Bruce D. Hamlett, Acting Deputy Director
Karl M. Engelbach, Associate Policy Analyst
Mary Vixie Sandy, Associate Policy Analyst
Diana Fuentes-Michel, Senior Policy Analyst

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

THE California Postsecondary Education Commission is a citizen board established in 1974 by the Legislature and Governor to coordinate the efforts of California's colleges and universities and to provide independent, non-partisan policy analysis and recommendations to the Governor and Legislature

Members of the Commission

The Commission consists of 17 members. Nine represent the general public, with three each appointed for six-year terms by the Governor, the Senate Rules Committee, and the Speaker of the Assembly. Six others represent the major segments of postsecondary education in California. Two student members will be appointed by the Governor.

As of January 1992, the Commissioners representing the general public are:

Helen Z. Hansen, Long Beach, *Chair*
Henry Der, San Francisco; *Vice Chair*
Mim Andelson, Los Angeles
C Thomas Dean, Long Beach
Rosalind K. Goddard, Los Angeles
Mari-Luci Jaramillo, Emeryville
Lowell J Paige, El Macero
Mike Roos, Los Angeles
Stephen P. Teale, M D , Modesto

Representatives of the segments are

William T Bagley, San Francisco, appointed by the Regents of the University of California,

Joseph D.Carrabino, Los Angeles, appointed by the California State Board of Education,

Timothy P Haidinger, Rancho Santa Fe, appointed by the Board of Governors of the California Community Colleges;

Ted J Saenger, San Francisco, appointed by the Trustees of the California State University; and

Harry Wugalter, Ventura, appointed by the Council for Private Postsecondary and Vocational Education

The position of representative of California's independent colleges and universities is currently vacant, as are those of the two student representatives.

Functions of the Commission

The Commission is charged by the Legislature and Governor to "assure the effective utilization of public postsecondary education resources, thereby eliminating waste and unnecessary duplication, and to promote diversity, innovation, and responsiveness to student and societal needs."

To this end, the Commission conducts independent reviews of matters affecting the 2,600 institutions of postsecondary education in California, including community colleges, four-year colleges, universities, and professional and occupational schools.

As an advisory body to the Legislature and Governor, the Commission does not govern or administer any institutions, nor does it approve, authorize, or accredit any of them. Instead, it performs its specific duties of planning, evaluation, and coordination by cooperating with other State agencies and non-governmental groups that perform those other governing, administrative, and assessment functions.

Operation of the Commission

The Commission holds regular meetings throughout the year at which it debates and takes action on staff studies and takes positions on proposed legislation affecting education beyond the high school in California. By law, its meetings are open to the public. Requests to speak at a meeting may be made by writing the Commission in advance or by submitting a request before the start of the meeting.

The Commission's day-to-day work is carried out by its staff in Sacramento, under the guidance of its executive director, Warren H Fox, Ph.D., who is appointed by the Commission.

The Commission publishes and distributes without charge some 20 to 30 reports each year on major issues confronting California postsecondary education. Recent reports are listed on the back cover.

Further information about the Commission and its publications may be obtained from the Commission offices at 1020 Twelfth Street, Third Floor, Sacramento, CA 95814-3985, telephone (916) 445-7933.

**REAUTHORIZATION OF THE HIGHER EDUCATION ACT
OF 1965, AS AMENDED
California Postsecondary Education Commission Report 91-19**

ONE of a series of reports published by the Commission as part of its planning and coordinating responsibilities. Additional copies may be obtained without charge from the Publications Office, California Postsecondary Education Commission, Third Floor, 1020 Twelfth Street, Sacramento, California 95814-3985

Recent reports of the Commission include

91-1 Library Space Standards at the California State University. A Report to the Legislature in Response to Supplemental Language to the 1990-91 State Budget (January 1991)

91-2 Progress on the Commission's Study of the California State University's Administration. A Report to the Governor and Legislature in Response to Supplemental Report Language of the 1990 Budget Act (January 1991)

91-3 Analysis of the 1991-92 Governor's Budget. A Staff Report to the California Postsecondary Education Commission (March 1991)

91-4 Composition of the Staff in California's Public Colleges and Universities from 1977 to 1989. The Sixth in the Commission's Series of Biennial Reports on Equal Employment Opportunity in California's Public Colleges and Universities (April 1991)

91-5 Status Report on Human Corps Activities, 1991. The Fourth in a Series of Five Annual Reports to the Legislature in Response to Assembly Bill 1829 (Chapter 1245, Statutes of 1987) (April 1991)

91-6 The State's Reliance on Non-Governmental Accreditation, Part Two. A Report to the Legislature in Response to Assembly Bill 1993 (Chapter 1324, Statutes of 1989) (April 1991)

91-7 State Policy on Technology for Distance Learning: Recommendations to the Legislature and the Governor in Response to Senate Bill 1202 (Chapter 1038, Statutes of 1989) (April 1991)

91-8 The Educational Equity Plan of the California Maritime Academy. A Report to the Legislature in Response to Language in the Supplemental Report of the 1990-91 Budget Act (April 1991)

91-9 The California Maritime Academy and the California State University. A Report to the Legislature and the Department of Finance in Response to Supplemental Report Language of the 1990 Budget Act (April 1991)

91-10 Faculty Salaries in California's Public Universities, 1991-92. A Report to the Legislature and Governor in Response to Senate Concurrent Resolution No. 51 (1965) (April 1991)

91-11 Updated Community College Transfer Student Statistics, Fall 1990 and Full-Year 1989-90. A Staff Report to the California Postsecondary Education Commission (April 1991)

91-12 Academic Program Evaluation in California, 1989-90. The Commission's Fifteenth Annual Report on Program Planning, Approval, and Review Activities (September 1991)

91-13 California's Capacity to Prepare Registered Nurses: A Preliminary Inquiry Prepared for the Legislature in Response to Assembly Bill 1055 (Chapter 924, Statutes of 1990) (September 1991)

91-14 Supplemental Report on Academic Salaries, 1990-91. A Report to the Governor and Legislature in Response to Senate Concurrent Resolution No. 51 (1965) and Supplemental Language to the 1979, 1981, and 1990 Budget Acts (September 1991)

91-15 Approval of Las Positas College in Livermore. A Report to the Governor and Legislature on the Development of Las Positas College -- Formerly the Livermore Education Center of Chabot College (September 1991)

91-16 Update on Long Range Planning Activities. Report of the Executive Director, September 16, 1991 (September 1991)

91-17 The Role, Structure, and Operation of the Commission. A Preliminary Response to Senate Bill 2374 (October 1991)

91-18 1991-92 Plan of Work for the California Postsecondary Education Commission. Major Studies and Other Commission Activities (October 1991)

91-19 Reauthorization of the Higher Education Act of 1965 as Amended. A Report to California's Congressional Delegation Summarizing Consensus in California's Higher Education Community Regarding Proposed Revisions of the Act (December 1991)

91-20 Student Fees, Access, and Quality. Prospects and Issues for the 1992-93 Budget Process (December 1991)

91-21 Legislative and State Budget Priorities of the Commission, 1992. A Report of the California Postsecondary Education Commission (December 1991)

91-22 Proposed Construction of the Western Nevada County Center, Sierra Joint Community College District. A Report to the Governor and Legislature in Response to a Request for Capital Funds for a Permanent Off-Campus Center in the Grass Valley/Nevada City Area (December 1991)